## Message Text

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ACTION IO-10

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E.O. 11652: N/A TAGS: UNGA, EGEN

SUBJECT: 30TH UNGA - ITEM 65 MID-TERM REVIEW AND APPRAISAL OF INTERNATIONAL DEVELOPMENT STATEGY

REF: (A) STATE 270860; (B) USUN 6036

- 1. STATUS OF CONSIDERATION: INFORMAL DISCUSSIONS OF MTR HAVE CONTINED ON BASIS G-77 DRAFT (L. 1444) WITH SUBSTITUTE TEXT AND AMENDMENTS PROPOSED BY EC-9 AND JAPAN. US DEL PROPOSED SUBSTITUTE INTRODUCTION AND ADDITIONAL LANGUAGE FOR EVALUATION SECTION, HOPEFULLY TO BE SUBSTITUE FOR PORTIONS OF PRESENT TEXT. TEXT FOLLOWS AT END OF MESSAGE.
- 2. DISCUSSION BEING CARRIED ON PRIMARILY BY EC-9 AND US WITH ASSISTANCE FROM CANADA AND JAPAN. UPPER VOLTA DEL IS MAJOR SPOKESMAN G-77 WITH LIMITED INTERVENTIONS BY INDIA LIMITED OFFICIAL USE

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PLUS COMMENT FROM ARGENTINA. USSR ALSO COMMENTED ON ITS

FAVORATE TOPICS OF PEACE, SECURITY, DISARMAMENT, NEO-COLONIALISM, AND MOVED TO DELETE REFERENCES
TO "INTER-DEPENDENCE." SOVIET STATEMENT SPARKED CHINA TO
VOICE TRADITIONAL ANTI-SOVIET DIATRIBE

- 3. G-77 SPOKESMAN CONTINUES TO MAINTAIN THAT STRATEGY SHOULD BE EVALUATED IN TERMS OF POLICY MEASURES TAKEN BY DEVELOPED COUNTRIES. THESE ARE ESSENTIALLY TRADE AND AID MATTERS. THEY NATURALLY CLAIM THAT DC'S HAVE NOT MET THEIR COMMITMENTS AND PLEDGES TO ADOPT REQUIRED POLICIES FOR LACK OF POLITICAL WILL. THEY STATE THAT FAVORABLE DEVELOPMENTS IN PRODUCTION AND GENERAL GROWTH RATES CAME ABOUT BECAUSE OF LDC ACTIONS AND INTERNATIONAL MARKET DEMAND CONDITIONS. THEY FIND THAT, UNFORTUNATELY, IN THE CURRENT SLUMP, COMMODITY PRICES HAVE FALLEN.
- 4. US ALSO SUGGESTED SUBSTITUTE FOR PARAGRAPHS 3 AND
  4 OF INTRODUCTION AS FOLLOWS: "DEVELOPMENT OBJECTIVE CAN
  ONLY BE ACHIEVED AS THE COLLECTIVE RESULT OF INTERNATIONAL
  TRADE AND RESOURCE TRANSFER POLICIES WHICH PROMOTE AGRICULTURAL
  AND INDUSTRIAL PRODUCTION, UTILIZING MODERN TECHNOLOGY, AND
  ACCOMPANIED BY APPROPRIATE INTERNAL ACTIONS IN THE ECONOMIC
  AND SOCIAL FIELDS."
- 5. INFORMAL DISCUSSIONS ARE TO CONTINUE INTENSIVELY IN WEEK BEGINNING NOV. 24 TO ACCOMPLISH "FIRST READING" OF DOCUMENT. G-77 DELS INDICATE WILLINGNESS TO PRODUCE SOME REVISED TEXT AFTER HEARING COMMENTS OF OTHERS. SO FAR, WE HAVE COVERED SIX OUT OF THIRTY ONE PARAGRAPHS IN INTRO AND EVALUATION SECTIONS. WE EXPECT CONCENTRATED DISCUSSIONS EACH DAY THROUGHOUT NEXT WEEK INCLUDING POSSIBLE NIGHT SESSIONS.
- 6. ASSESSMENT: PROSPECTS FOR OBTAINING BASIC US OBJECTIVE OF BRIEF REPORT ATTACHED TO PROCEDURAL RESOLUTION ARE IMPROVING BUT OUTCOME IS STILL FAR FROM CERTAIN.

  THERE IS GROWING SUPPORT FOR SUCH A CONCLUSION NOT ONLY AMONG WESTERNS (EC-9, JAPAN, CANADA, SCANS) BUT ALSO FROM SOVIETS AND SOME LDC'S. THERE IS RATHER WIDESPREAD DISSATISFACTION WITH CONTENTIOUS NATURE OF G-77 DOCUMENT. LIMITED OFFICIAL USE

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SOME DELS (FRG, CANADA, FOR EXAMPLE) ARE DISMAYED AT POSSIBLE IMPACT ON BOTH THEIR GOVERNMENTS AND PUBLIC IN LIGHT OF 7TH SPECIAL SESSION RESOLTION FOR WHICH GOVERNMENTS WERE CRITICIZED AS "GOING TOO FAR". OUR GENERAL STRAGEGY IS TO TALK OUT AT LENGTH ALL ISSUES RAISED IN EVALUATION SECTION LOOKING TO SOME AGREEMENT FOR DRAFTING NEW TEXT AS OF END OF NEXT WEEK. TIME REMAINING ON OUR SCHEDULE WOULD NOT LIKELY BE ADEQUATE TO DEAL WITH CONTROVERSIAL ISSUES IN

SECTIONS ON FURTHER ACTION AND REMAINING TASKS. SCHEDULE DIFFICULTIES THIS WEEK HAVE BEEN COMPOUNDED BY COMPETITION FOR DELEGATES' TIME FOR AD HOC COMMITTE ON RESTRUCTURING MEETING CONCURRENTLY.

7. OUTLOOK: WE FEEL THERE IS NOW SOME CHANCE TO GAIN AGREEMENT ON A DOCUMENT WHICH WOULD HAVE AND EXPANDED RESOLUTION-ALNGUAGE SECTION PLUS INTRODUCTION AND BRIEF EVALUTATION. WE MIGHT THEN CONCLUDE THAT TH MANDATE TO COMPLETE A REVIEW AND APPRAISLA HAS BEEN MET. WE WOULD NOTE THAT QUESTION OF REVISION OF STRATEGY SHOULD BE FUTHER CONSIDERED AND RECOMMEND THAT THIS BE DONE AT SUMMER ECOSOC. WE WOULD SUGGEST THAT NO FURTHER DOCUMENTATION WOULD BE REQUIRED FOR THIS EXERCISE BUT IT WOULD, OF COURSE, BE CONSIDERED IN LIGHT OF ACTIONS TAKEN BY THE CIEC AND UNCTAD IV. UNDER THIS SCHEME PAGES 7 THROUGH 17 OF G-77 DOCUMENT WOULD BE DROPPED. THE EVALUTATION SECTION WOULD BE AUGMENTED TO A DEGREE AND BE FURTHER NEGOTIATED TO INCLUDE MATERIAL SUCH AS THAT PROPOSED IN US TEXT.

QUOTE

MID TERM REVIEW AND APPRASIAL

I. INTRODUCTION

THE REVIEW AND APPRAISAL OF PROGRESSIN ACHIEVING THE INTERNATIONAL DEVELOPMENT STRATEGY

IN THE SECOND DEVELOPMENT DECADE HAS TAKEN PLACE THROUGHOUT THE UNITED NATIONS SYSTEM. IN THE YEAR OF THE MID-TERM, WE HAVE WITNESSED DRAMATIC REPERCUSSIONS OF THE CONSEQUENCES OF WORLDWIDE INFLATION, OF MAJOR UNEMPLOYMENT AND DEPRESSION IN DEVELOPED COUNTRIES, OF THE WEAKNESS OF A MONETARY SYSTEM THAT SERVED WELL SINCE WORLD WAR II, AND OF THE ECONOMIC CONSEQUENCES OF POLITICAL UPHEAVALS AS THE PROCESS OF NATIONAL LIMITED OFFICIAL USE

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INDEPNDENCE WAS BEING COMPLETED. A CONTINUATION OF UNFAVOURABLE CLIMATIC CONDITIONS AGGRAVATED EXISTING STRUCTURAL IMBALANCES IN AGRICULTURAL PRODUCTION AS GROWTH IN FOOD SUPPLIES FELL BEHIND POPULATION GROWTH. THE ECONOMIC CONSEQUENCES OF THESE EVENTS HAVE BEEN UNEQUALLY DISTRIBUTED THROUGHOUT THE WORLD. THE POORER COUNTRIES LESS ABLE TO BEAR THE STRAINS OF HIGHER IMPORT COSTS AND FOOD SHORTAGES HAVE BEEN PARTICULARLY DISADVANTAGED.

IN THESE CIRCUMSTANCES, GOVERNMENTS AND THE UNITED NATIONS SYSTEM HAVE CONDUCTED INTENSIVE STUDIES ON CURRENT ECONOMIC TRENDS, THEIR COAUSES, GOVERNMENT POLICIES AND THE INTERNATIONAL MONETARY AND TRADING SYSTEMS FOR WHICH IMPORTANT REVISIONS ARE REQUIRED. WIDE-RANGING ANALYSES HAVE BEEN PREPARED BY THE SPECIALIZED AGENCIES, AND PARTICULARLY BY THE ESA

SECRETARIAT, OF THE INTERNATIONAL ECONOMIC SITUATION AND POLICIES FOR THE MID-TERM REVIEW. AT THE SEVENTH SPECIAL SESSION ON DEVELOPMENT AND INTERNATIONAL CO-OPERATION, SIX PRIORITY AREAS FOR URGENT INTERNATIONAL ACTION WERE IDENTIFIED AND SPECIFIC PROPOSALS ARE BEING SUBJECTED TO ANALYSIS IN DEPTH AND INTERNATIONAL NEGOTIATON. THEY INCLUDED TRADE, TRANSFER OF REAL RESOURCES AND MONETARY REFORM, SCIENCE AND TECHNOLOGY, INDUSTRIALIZATION, FOOD AND AGRICULTURE, AND RESTRUCTURING OF THE ECONOMIC AND SOCIAL SECTORS OF THE UNITED NATIONS SYSTEM.

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THE PROPOSALS CENTERED ON THE NEEDS OF DEVELOPING COUNTRIES AND WERE NOTEWORTHY IN THEIR BROAD APPLICATION TO INTERNATIONAL INSTITUTIONS AND THE INTERNATIONAL COMMUNITY AT LARGE. THE ENVISAGED THE ESTABLISHMENT OF LINKS BETWEEN GOVERNMENTS, INTERNATIONAL ORGANIZATIONS AND PUBLIC AND PRIVATE SECTORS OF OUR ECONOMIES. THEY PROVIDED FOR THE CREATION OF

NEW SPECIALIZED INSTITUTIONS. THE RESOLUTION WAS ADOPTED WITH THE BROADEST MEASURE OF CONSENSUS REACHED IN THE GENERAL ASSEMBLY SINCE THE ADOPTION OF THE INTERNATIONAL DEVELOPMENT STRATEGY ITSELF. FURTHER ACTIONS OF ECONOMIC CO-OPERATION ARE NOW TO BE SOUGHT AT THE UNCTAD AT ITS FOURTH CONFERNENCE IL EVALUATION

THE AVERAGE GROWTH IN DEVELOPING COUNTIES HAS CONTINUED AT APPROXIMATELY THE TARGET RATE SET FOR THE DECADE FOR DEVELOPING COUNTRIES BUT, UNFORTUNATELY, OVER HALF OF THE COUNTRIES WITH A PROPONDERANT POPULATION HAVE FAILED LIMITED OFFICIAL USE

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TO ACHIEVE EVEN ONE-HALF OF THIS TARGET RATE

TABLE 1

ANNUAL INCREASE IN GROSS DOMESTIC PRODUCE AT CONSTANT PRICES

1961-1970 1971-1974 1971 1972 1973 1974

DEVELOPING

COUNTRIES

5.5 5.9 5.2 5.6 7.0 5.6

DEVELOPED MARKET

COUNTRIES 4.3 3.8 3.7 5.6 6.1 -01.1

THE MAJOR AREA OF SHORTFALL WAS THE IMPORTANT SECTOR OF AGRICULATURE WHERE LESS THAN HALF THE TARGET RATE WAS REALIZED FOR THE DEVELOPING COUNTRIES AS A WHOLE. THE SUCCESSION OF UNFAVOURABLE CLIMATIC CONDITIONS RESULTING IN SEVERE FOOD SHORTAGES AND AFMINE HAVE AGGRAVATED ALREADY EXISTING STRUCTURAL IMBALANCES IN AGRICULTURAL PRODUCTION, THUS CAUSING THE GROWTH IN FOOD SUPPLIES TO FALL CONSIDERABLY BEHIND POPULATION GOWTH AND DIVERTING RESOURCES WHICH MIGHT OTHERWISE BE AVAILABLE FOR DEVELOPMENT.

INDUSTRIAL PRODUCTION FULFILLED THE EIGHT PERCENT TARGET RATE SET IN THE IDS. DYNAMIC CIMPONENTS INCLUDED MINING AND LIGHT MANUFATURES IN ASIA AND HEAVY MANUFACTURING IN DEVELOPING COUNTRIES OF THE WERSTERN HEMISPHERE AS WELL AS THE UTILITIES SECTOR GENERALLY.

IN EXTERNAL TRADE AND PAYMENTS QUANTUM INCREASES FOR THE DEVELOPING COUNTRIES IN THE EARLY EYARS OF THE DECADE DECELERATED IN 91974, RESULTING IN AND AVERAGE RATE OF WOMEWHAT LESS THAN THE 7 PERCENT TARGET OF THE IDS. WHILE INTERNATIONAL RESERVES INCREASED FOR MAY COUNTRIES IN THE EARLY YEARS OF THE DECADE, THE BULK OF THE 1974 INCREMENT

ACCRUED TO PETROLEUM-EXPORTING COUNTRIES.
EARLIER GAINS, HOWEVER, FOR NON-OIL EXPORTERS ARE NOW BEING DISSIPATED AS THEIR IMPORT COSTS CONTINUE TO MOUNT FOR BOTH MANUFACTURERS AND RAW MATERIALS INCLUDING FUEL. EXTERNAL LIMITED OFFICIAL USE

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DEBT HAS CONTINUED TO MOUNT, PARTICULARY IN THE RAPIDLY INDUSTRIALIZING DEVELOPING COUNTRIES OF THE WESTERN HEMISPHERE.

THE ECONOMIC DIFFICULTIES EXPERIENCED DURING THE FIRST PART OF THE DECADE HAD PARTICULARY NEGATIVE IMPACT ON THE POOREST COUNTRIES OF THE INTERNATIONAL COMMUNITY AND --WITHIN NATIONS - ON THE POOREST STRATA OF THEIR POPULATIONS.

DEVELOPING COUTRIES THEMSELVES HAVE TAKEN INTERNAL MEASURES
TO STIMULATE THEIR OWN GROWTH AND PARTICULARLY HAVE EXPANDED
DOMESTIC SAVINGS AT SUCH A RATE THAT THE 20 PERCENT GOAL SET
FOR 1980 HAS ALREADY BEEN SURPASSED. HOWEVER, THE DISPARTIY
AMONG DEVELOPING COUNTIRES WITH RESPECT TO SAVINGS WAS NOT NARROWED.

IN MAKING PROGRESS TO ACHIEVE SOCIAL OBJECTIVES, GOVERNMENTS OF DEVELOPING COUNTRIES HAVE BEEN FACED WITH SERIOUS HUMAN AND INSTTUTIONAL OBSTACLES WHICH MADE DIFFICULT A MORE EQUITABLE DISTRIBUTION OF WEALTH AND INCOME. LAND REFORM PROGRAMMES ARE STILL URGENTLY REQUIRED. BUDGETED EXPENDITURES FOR SOCIAL SERVICES WERE INCREASED FROM EXPANDED GOVERNMENT REVENUES RESULTING FROM THE UPSURGE IN PRICES AND EXPORT EARNIGS. IN MANY CASES, HOWEVER, THE DISPARITY BETWEEN COUNTRY AND URBAN INCOMES HAS WIDENED AND THE FLOW OF WORKERS FROM FARM TO TOWN HAS ACCELERATED. WHILE PUBLIC EXPENDITURES ON EDUCATION HAVE INCREASED BY APPROXIMATELY HALF BETWEEN THE EARLY 1960'S AND THE EARLY 1970'S, STILL APPROXIMATELY HALF OF THE CHILDREN REMAIN UNENROLLED IN PRIMARY SCHOOL IN 1971 AND THE OBJECTIVE OF ENROLLMENT OF ALL CHILDREN OF PRIMARY SCHOOL AGE REMAINS OUT OF SIGHT. DEVELOPMET IN THE FIELD OF HEALTH HAS BBEEN ENCOURAGING BECAUSE ITS MEDICAL ASPECTS ARE INCREASINGLY BEING DEALT WITH IN A BROAD SOCIO-ECONOMIC FRAMEWORK. SIGNIFICANTLY, LIFE EXPECTANCY AT BIRTH HAS INCREASED MARKEDLY BY THREE YEARS IN DEVELOPING COUNTRIES IN THE FIRST HALF OF THIS DECADE COMPARED TO A COMPARABLE PERIOD OF 1966-70.

DEVELOPED COUNTRIES HAVE NOT CONTIBUTED OFFICIAL DEVELOPMENT ASSISTANCE TO APPROACH TO TRANSFER OF RESOURCES TARGET OF 7/10 OF ONE PERCENT OF GNP. HOWEVER, DESPITE SEVERE ECONOMIC PROBLEMS OF THEIR OWN, THEY PROVIDED APPROXIMATELY LIMITED OFFICIAL USE

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HALF OF THIS TARGET IN 1974. THE IMPLEMENTATION OF TRADE POLICIES PREFERENTIAL TO DEVELOPING COUNTRIES IS MOVING FORWARD AND IS ENCOURAGING INDUSTRIAL DEVELOPMENT OF DEVELOPING COUNTRIES.

HOWEVER, EFFORTS NEED TO BE MADE TO REDUCE DUTIES AND QUOTAS ON PROCESSED AND MANUFACTURED EXPORTS WHICH DISCOURAGE MANUFACTURING IN DEVELOPING COUNTRIES.

THE CENTRALLY-PLANNED ECONOMIES HAVE PROVIDED ONLY LIMITED ASSISTANCE TO DEVELOPING COUNTRIES IN THE FORM OF LOASN OR GRANT AND GENERALLY USE TRADE AS THEIR EXPRESSION OF ASSISTANCE TO DEVELOPING COUNTRIES.

THERE HAVE BEEN NOTABLE INCREASES IN TOTAL TRADE BETWEEN THE CENTRALLY-PLANNED ECONOMIES AND DEVELOPING COUNTRIES ALTHOUGH THIS TENDS TO BE LIMITED TO RELATIVELY FEW DEVELOPING COUNTRIES.

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